

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE ATTORNEY GENERAL**



In the Matter of:

KCE Champions LLC

ASSURANCE OF VOLUNTARY COMPLIANCE

The Attorney General for the District of Columbia, on behalf of the District of Columbia (“District”), and Respondent KCE Champions LLC (“Champions”) (and with the District, the “Parties”), hereby enter into this Assurance of Voluntary Compliance (“Assurance”), pursuant to D.C. Code § 28-3909(c)(6), and agree as follows:

I. THE PARTIES

1. The Attorney General for the District of Columbia is the chief legal officer for the District of Columbia. Pursuant to D.C. Code § 28-3909(a)-(b), the Attorney General is authorized to bring legal actions seeking injunctive relief, consumer restitution, civil penalties, costs, and attorneys’ fees for violations of the District’s Consumer Protection Procedures Act (“CPPA”), D.C. Code §§ 28-3901, *et seq.* Pursuant to D.C. Code § 28-3909(c), the Attorney General is authorized to negotiate and enter into agreements for compliance by merchants with the provisions of the CPPA.

2. KCE Champions LLC is a subsidiary of KinderCare Education a Delaware limited liability company that, at all times relevant to this matter, has been engaged in the business of providing before and after-school care to children in the District of Columbia.

II. DEFINITIONS

3. **“Clearly and Conspicuously”** shall mean when referring to a written statement, a disclosure in a type, size and location sufficiently noticeable for a consumer to read and comprehend it, and in a print that contrasts with the background against which it appears. A statement may not contradict or be inconsistent with any other information with which it is presented. If a statement modifies, explains, or clarifies other information with which it is presented, it must be presented in proximity to the information it modifies, in a manner that is likely to be noticed, readable, and understandable, and it must not be obscured in any manner or contained or be accessible in a hyperlink, such as in accompanying “Terms and Conditions.”

4. **“Parent”** shall mean any person paying for a child’s attendance in Champions’ before or after care programs.

III. DISTRICT’S ALLEGATIONS

5. Champions has provided before and after school care to children at twenty-one schools in the District of Columbia.

6. Champions has engaged in unfair or deceptive practices, including:

- a. charging late fees prior to the complete provision of services,
- b. failing to adequately disclose Champions’ late fee policies and practices,
- c. disenrolling children in their programs if tuition is not paid for two weeks,
- d. making excessive calls to Parents in its attempts to collect overdue funds,
- e. calling Parents at their places of work to attempt to collect overdue funds,
- f. failing to obtain clear authorization from Parents for the amount and timing of ACH withdrawals for payment of Champions’ fees.

7. These practices have caused harm to Parents in the District of Columbia who have enrolled children in Champions’ programs.

IV. CHAMPIONS' RESPONSE

8. Champions denies that it has engaged in any wrongdoing, and specifically denies that it has violated District or federal law.

V. APPLICATION

9. The Parties have agreed to the terms of this Assurance in order to fully resolve the District's allegations against Champions.

10. The provisions of this Assurance shall apply to Champions and all persons or entities that they control or have the ability to control, including without limitation their principals, officers, directors, employees, agents, successors, assignees, affiliates, merged or acquired entities, or wholly owned subsidiaries, and third-party debt collectors employed by Champions.

11. The provisions of this Assurance shall apply to Champions' conduct in connection with their operation of before and aftercare programs for children in the District of Columbia.

VI. INJUNCTIVE TERMS

12. Champions shall not engage in any unlawful trade practice prohibited by the District's CPPA, D.C. Code §§ 28-3901, et seq., related to its operation of before and aftercare programs for children in the District of Columbia.

13. Champions shall not make any misrepresentation of material fact, which has a tendency to mislead.

14. Champions shall not fail to state a material fact, the omission of which tends to mislead.

Late Fees

15. Champions shall not charge a Parent a late fee for its services, until after Champions has provided those services in full. For example, if the last day of services in a two-

week billing period is on the 15th of a month, Champions shall not assess a late fee earlier than the 16th of that month.

16. Champions shall clearly and conspicuously disclose both the amount and timing of the assessment of any late fees in, a) the Parent Handbook, b) the Enrollment Agreement with Parents (*which currently lists a late check fee but no other late fees, and makes no reference to the timing of the charges*), and c) the Parent Contract. Champions may manually enroll children into its programs to ensure compliance with this paragraph. In the future, Champions may move to an online enrollment process, but only after it confirms that all forms and documents in such online enrollment process comply with this Assurance.

Auto Disenrollment

17. Champions shall not disenroll a child from its programs until the Parent has failed to pay for at least four weeks of services, and Champions has sent a letter and email to the Parent notifying the Parent that funds may be available to assist the Parent in paying any arrears through a) the school PTA, b) the school scholarship fund, c) a school community partner, and d) the DC Office of the State Superintendent of Education. The letter and email will list contact information for each of the potential sources of funds. Champions may work with either the school principal or PTA President at each school to develop this list.

18. Champions will send a notice to Parents whose children face disenrollment, seeking their consent for Champions to contact the school Principal and the PTA to seek assistance in obtaining funds to pay the Parent's arrears. The notice required by this paragraph shall be sent by at least two of the following methods: in person, email, mail, and text (when available).

19. Within two (2) days of obtaining consent from a Parent to contact the school Principal and PTA, Champions will send a notice to both the school Principal and PTA president of a child's pending disenrollment.

Collection Practices

20. In its attempts to collect arrears, Champions, and any third-party that it authorizes to collect arrears, shall not call a Parent more than three times per week, inclusive of all numbers that Champions has obtained to reach a Parent.

21. In its attempts to collect arrears, Champions shall not call Parents at their places of employment more than one time, unless the Parent explicitly consents to receiving collection calls at work.

22. Champions shall implement and maintain written policies regarding compliance with this AVC and federal and District of Columbia law concerning debt collection. Champions shall provide the policies required under this paragraph to all current employees, principals, officers, directors, and any third parties hired for debt collection purposes within 60 days of this Assurance. Should Champions hire any new employees, principals, officers, directors, and/or third parties hired for debt collection purpose, Defendant shall provide the policies implemented pursuant to this paragraph within the first 14 days of their employment or retention. Champions shall provide the policies implemented and maintained pursuant this Paragraph to the Office of the Attorney General by August 31, 2021.

ACH Withdrawals

23. Champions shall not enroll any Parent in automated withdrawals from their bank accounts for payment of Champions' fees without obtaining express informed consent from the Parent and clearly and conspicuously disclosing both the base amount of the charges (for regular services, not including miscellaneous charges) and the dates of the withdrawals.

Reporting

24. By August 31, 2021, Champions shall provide the District with a copy of its revised Parent Handbook, contract with Parents, and online enrollment pages.

25. By August 31, 2021, Respondent shall provide the District with a copy of their revised collection letters policies and procedures, including its third-party collection practices and procedures.

VII. PAYMENT TERMS

26. Champions shall pay a total of \$250,000 for costs and expenses the District has incurred investigating and litigating this matter or that may be incurred by the District in administering the terms of this Assurance, as detailed below.

27. Champions shall make monthly payments of \$8,000 for five months commencing on the first day of the month after the effective date of this Assurance, by check made out to the D.C. Treasurer and delivered to the Office of the Attorney General consistent with instructions from the Office of the Attorney General.

28. If Champions makes all payments required under the preceding paragraph and has satisfied all other requirements of this AVC, the District agrees to waive the remainder of the payment owed under this Assurance. If the District learns of new or additional violations of the terms of this AVC, or Defendant fails to make a payment required by paragraph 27, the District reserves the right in its sole discretion to reinstate and require the remainder of the payment and Defendant consents to the entry of a judgment for the full amount of the remainder of the payment owed under paragraph 26.

VIII. ADDITIONAL TERMS

29. This Assurance shall be considered effective and fully executed on the last date upon which any party executes the Assurance. This Assurance may be executed in counterparts,

and copies of signature pages transmitted electronically shall have the same effect as originals of those signature pages.

30. Champions shall deliver a copy of this Assurance to the school Principals and PTA Presidents for each school at which they provide service in the District of Columbia, within thirty (30) days of the date of this Assurance.

31. Champions shall not cause or encourage any third-parties, or knowingly permit third-parties acting on their behalf, to engage in any practices from which Champions is prohibited by this Assurance.

32. Nothing contained herein shall be construed as relieving Champions of the obligation to comply with all District regulations or rules, nor shall any of the provisions herein be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

33. All notices and reports under this Assurance shall be provided to the following address via first class and electronic mail, unless a different address is specified in writing by the party changing such address:

For the District:

Wendy J. Weinberg
Senior Assistant Attorney General
Office of Consumer Protection
400 Sixth Street, N.W., 10th Floor
Washington, D.C. 20001
(202) 724-1342
Wendy.Weinberg@dc.gov

For the Respondent:

KCE Champions LLC
Attn: Vice President
650 NE Holladay, Suite 1400
Portland, OR 97232
jnoda@kc-education.com

With a copy to:

Lane Powell, PC
Attn: Katie Gallagher
601 SW Second Avenue, Suite 2100
Portland, OR 97204
gallagherk@lanepowell.com

FOR THE DISTRICT OF COLUMBIA:

KARL A. RACINE
Attorney General for the District of Columbia

KATHLEEN KONOPKA
Deputy Attorney General
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BENJAMIN WISEMAN
Director, Office of Consumer Protection

/s/ Wendy J. Weinberg

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(202) 724-1342 | Wendy.Weinberg@dc.gov

Dated: 6/18/2021

FOR RESPONDENT, Champions



Dan Figurski

Dated: 6/15/2021